

Appendix B. COAs for 2 Wells, SLPUs #: 42-21H and 44-30H

CONDITIONS OF APPROVAL FOR CONVENTIONAL APPLICATION FOR PERMIT TO DRILL

**Categorical Exclusion 1 (CX1), WY-070-390CX1-13-145, WY-070-390CX1-13-147,
Section 390, Energy Policy Act of 2005**

**SLPU (Savageton Lower Parkman Unit) Project, Sheridan Production Co., LLC
SLPU 42-21H, SLPUs 44-30H**

Bureau of Land Management, Buffalo Field Office

Operator: Sheridan Production Co., LLC

Field Office: Buffalo Field Office
Address: 1425 Fort Street
Buffalo, Wyoming 82834
Office Telephone Number: 307-684-1100

The spud date will be reported electronically, (see website location above) to the Authorized Officer
24 HOURS BEFORE SPUDDING, unless otherwise required in site specific conditions of approval.

Spud Notice Site:
http://www.wy.blm.gov/minerals/og/og_notices/spud_notice.php

Wells:

#	Well Name	Well #	Lot/Qtr	Sec	Twp	Rng	CX #1 Number
1.	SLPU	42-21H	Lot 8, SENE	21	45	74	WY-070-390CX1-13-145
2.	SLPU	44-30H	Lot 13, SWSW	29	46	74	WY-070-390CX1-13-147

Site Specific

1. Prior to use as an injection well, the operator will submit a Sundry requesting approval for injection which includes:
 - a. Source and volume of water to be injected;
 - b. a water sample representative of the water to be injection in this well for analysis prior to approval for injection. The constituents analyzed in the water quality analyses will be the same as those required by the WDEQ for WYPDES permit using approved EPA test procedures (40CFR136 or 40CRF136.5);
 - c. Copies of the approved Class II UIC Permits from the WYOGCC.
2. The operator must provide the BLM a true and complete copy of a document in which the owner of the surface authorizes the operator to drill a federal well from non-federal lands, and in which the surface owner or representative guarantees the Department of the Interior (Department), including BLM, access to the non-federal lands to perform all necessary surveys and inspections. (Instruction Memorandum No. 2009-078, p. 2, para 6).

Drilling and Production Operations

1. Verbal notification shall be given to the Authorized Officer at least 24 hours before formation tests, BOP tests, running, and cementing casing, and drilling over lease expiration dates.
2. New hard-band drill pipe shall not be rotated inside any casing. Hard-band drill pipe shall be considered new until it has been run at least once.

3. All Blow Out Prevention Equipment tests shall include a 5 minute low pressure test between 250 psi and 500 psi with no drop in pressure with the only exception being the chokes. The chokes are only required to have the high pressure test held for a minimum length of time necessary to verify their functional integrity.
4. All operations must be conducted in accordance with all applicable laws and regulations: with the lease terms, Onshore Oil and Gas Orders, NTL's; and with other orders and instructions of the Authorized Officer, unless a variance has been granted in writing by the Authorized Officer.
5. The Operator shall install an identification sign consistent with the requirements of 43 CFR 3162.6 immediately upon or before the completion of the well pad construction operations.
6. All Blow Out Prevention Equipment rated 5M or greater shall be isolated from the casing and tested to stack working pressure. All Blow Out Prevention Equipment tests shall be performed by a suitable test pump, not the rig-mud pumps and recorded on a chart. The chart shall be submitted to the Buffalo Field Office.
7. Low test on Blow Out Prevention Equipment shall be performed and passed before moving onto the high test for each component.
8. If there are indications of inadequate primary cementing of the surface, intermediate, or production casing strings; such as but not limited to no returns to surface, cement channeling, fallback or mechanical failure of equipment, the operator will evaluate the adequacy of the cementing operations. This evaluation will consist of running a cement bond log (CBL) or an alternate method approved by the Authorized Officer (AO) no sooner than 12 hours and no later than 24 hours from the time the cement was first pumped.
9. If the evaluation indicates inadequate cementing, the operator shall contact a BLM Buffalo Field Office Petroleum Engineer for approval of remedial cementing work.
10. The adequacy of the remedial cementing operations shall be verified by a cement bond log (CBL) or an alternate method approved by the Authorized Officer (AO). All remedial work shall be completed and verified prior to drilling out the casing shoe or perforating the casing for purposes other than remedial cementing.
11. The cement mix water used must be of adequate quality so as not to degrade the setting properties of the cement. Any water that does not meet municipal quality water standards shall be tested by mixing the water and cement in a lab and comparing the results to the municipal quality water mix results. If the results show that the cement qualities are not the same or greater, than the non-municipal water shall not be used for mixing cement in the well.
12. All oil and gas operations shall be conducted in a manner to prevent the pollution of all freshwater resources. All fresh waters and waters of present or probable future value for domestic, municipal, commercial, stock or agricultural purposes will be confined to their respective strata and shall be adequately protected. Special precautions will be taken to guard against any loss of artesian water from the strata in which it occurs and the contamination of fresh water by objectionable water, oil, condensate, gas or other deleterious substance to such fresh water.

13. Any changes to the approved drilling plan and/or these conditions of approval shall be approved by the BLM-Buffalo Field Office Petroleum Engineer prior to being implemented.

After hour's numbers: Petroleum Engineer: Matthew Warren, Cell Telephone: 307-620-0103 or
Petroleum Engineer: Mark Thomason, Cell Telephone: 307-620-2395.